

IN RE: Greenwood Properties)
See Attached List-----) Davidson County
Commercial Property)
Tax Year 2005)

² Had the jurisdiction been discovered prior to this time a "reasonable cause" hearing would have been conducted to allow the Taxpayer an opportunity to establish justification for the untimely filing.

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject properties consist of six (6) duplexes located on Greenwood Court and Greenwood Circle in Nashville, Tennessee.

The taxpayer's representatives contended that subject properties should be valued at the contract price rather than the values established by the Metropolitan Board of Equalization. In support of their contention they submitted a copy of the contract (Exhibit #1), the MSL listing for each parcel (Exhibit #2) and a ½ sheet of paper (Exhibit #4) that states:

We paid \$528K for all which could be construed as \$88K per building OR: 2030 and 2032 were listed at \$99K and the others at \$94K, so bought them for 92% of asking price:

1212 \$86,400

1216 \$86,480

1219 \$86,480

2017 \$86,400

2030 \$91,040

2032 \$91,040³

The assessor contends that the properties are assessed correctly and should be valued at the values previously assessed by the County Board of Equalization.

The basis of valuation as stated in T.C.A. § 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values"

Since the taxpayer is appealing from the determination of the Davidson County Board of Equalization, he has the burden of proof. See State Board of Equalization Rule 0600-1-.11(1) and *Big Fork Mining Company v. Tennessee Water Control Board*, 620 S.W. 2d 515 (Tenn.App. 1981).

In the present case the taxpayer alleges that the original owner was the owner of 20 out of 21 properties located at this subdivision. Some were occupied while others were not, they thought that they had purchased the ones that needed the least work. They have subsequently found out that most of the units heating systems do not work; the tenants were heating their units by using the stoves. They originally were to purchase 9 units but found only 6 suitable for their needs. Mr. Donovan asked if Mr. Hill or Ms. Pitts felt they got a discount because of the number of units they purchased, they responded "no". Mr. Hill and Ms. Pitts also allege that the seller used fraudulent and inflated rent information to

³ It should be noted that none of the values were adjusted to accommodate for similarities or differences in the properties.

inflate the cost prior to selling the properties. Mr. Hill and Ms. Pitts also stated that with the new regulations with the Federal Government and Section 8 rents they will lose money on the properties. Tennessee Code Annotated § 67-5-601(a) provides (in relevant part) that "[t]he value of all property shall be ascertained from the evidence of its **sound, intrinsic and immediate value**, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...."

After having reviewed all the evidence in this case; the administrative judge finds that the taxpayers have not sustained their burden and that subject properties should remain at the previously assessed values.

With respect to the issue of market value, the administrative judge finds that the Taxpayer's Representatives simply introduced insufficient evidence to affirmatively establish the market value of subject property as of January 1, 2005, the relevant assessment date pursuant to Tenn. Code Ann. § 67-5-504(a).

The administrative judge finds that rather than averaging comparable sales, comparables must be adjusted. As explained by the Assessment Appeals Commission in *E.B. Kissell, Jr.* (Shelby County, Tax Years 1991 and 1992) as follows:

The best evidence of the present value of a residential property is generally sales of properties comparable to the subject, comparable in features relevant to value. Perfect comparability is not required, but relevant differences should be explained and accounted for by reasonable adjustments. If evidence of a sale is presented without the required analysis of comparability, it is difficult or impossible for us to use the sale as an indicator of value. . . . Final Decision and Order at 2.

In analyzing the arguments of the Taxpayer's Representatives the administrative judge must also look to the applicable and acceptable standards in the industry when comparing the sales of similar properties.

The administrative judge finds that the procedure normally utilized in the sales comparison approach has been summarized in one authoritative text as follows:

To apply the sales comparison approach, an appraiser follows a systematic procedure.

1. Research the competitive market for information on sales transactions, listings, and offers to purchase or sell involving properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, physical condition, location, and land use constraints. The goal is to find a set of comparable sales as similar as possible to the subject property.
2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length, market considerations. Verification may elicit additional information about the market.
3. Select relevant units of comparison (e.g., price per acre, price per square foot, price per front foot) and develop a

comparative analysis for each unit. The goal here is to define and identify a unit of comparison that explains market behavior.

4. Look for differences between the comparable sale properties and the subject property using the elements of comparison. Then ***adjust the price of each sale property to reflect how it differs from the subject property or eliminate that property as a comparable.*** This step typically involves using the most comparable sale properties and then adjusting for any remaining differences.

Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of values. [Emphasis supplied] Appraisal Institute, *The Appraisal of Real Estate* at 422 (12th ed. 2001). Andrew B. & Majorie S. Kjellin, (Shelby County, 2005).

III. ORDER

It is therefore ORDERED that the values and assessments adopted for tax year 2005 for the subject properties be pursuant to the attached exhibit.

It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

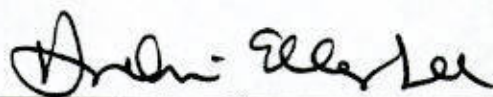
1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or

2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or

3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED on this the 31st day of May, 2006.



ANDREI ELLEN LEE
ADMINISTRATIVE JUDGE
STATE BOARD OF EQUALIZATION

c: Gary Hill & Virginia Pitts, Taxpayer's Representatives
JoAnn North, Property Assessor

Exhibit
Taxpayer Representative: Gary Hill & Virginia Pitts

1212 Greenwood 083-02-0 327.00	\$22,000	\$73,800	\$95,800	\$38,800
1216 Greenwood 083-02-0 329.00	19,800	86,800	106,000	42,640
1219 Greenwood. 083-02-0 331.00	22,000	73,500	95,500	38,200
2017 Greenwood 083-03-0 290.00	22,000	72,200	94,200	37,680
2030 Greenwood 083-03-0 294.00	22,000	72,200	94,200	37,680
2032 Greenwood 083-03-0 293.00	28,600	72,200	100,800	40,320